

Message Text

PAGE 01 ROME 11096 122120Z

72

ACTION IO-14

INFO OCT-01 AGR-20 RSC-01 AID-20 EB-11 AF-10 ARA-16 EA-11

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FM AMEMBASSY ROME

TO SECSTATE WASHDC 1299

AMEMBASSY LONDON

AMEMBASSY CANBERRA

AMEMBASSY OTTAWA

AMEMBASSY BUENOS AIRES

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FODAG

FROM US DEL

E.O. 11652: N/A

TAGS: EAGR, FAO

SUBJECT: FAO-COMMITTEE ON COMMODITY PROBLEMS: INTERNATIONAL FOOD
RESERVES

SUMMARY: BOERMA'S PROPOSAL FOR AN INTERNATIONAL UNDERTAKING
ON WRLD FOOD SECURITY RECEIVED LITTLE SUPPORT, EVEN
BY DEVELOPING COUNTRIES DURING DAY AND HALF DISCUSSION
ON CCP SUBJECT. MOREOVER, NO DELEGATION INDICATED ITS
GOVERNMENT WOULD BE PREPARED AT FAO CONFERENCE IN NOVEMBER
TO SUBSCRIBE TO UNDERTAKING AS IT NOW STANDS NOR WERE ANY
DELEGATIONS EXCEPT HUNGARIAN AND INDIAN WILLING TO SET UP
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PAGE 02 ROME 11096 122120Z

SPECIAL WORKING GROUP TO DEVELOP NEW DRAFT IN TIME FOR
CONFERENCE. END SUMMARY.

1. VIRTUALLY EVERY DELEGATION PARTICIPATING IN THE CURRENT

SESSION OF THE CCP SPOKE TO THE SUBJECT OF THE BOERMA PROPOSAL FOR WORLD FOOD RESERVES. WHILE ALL DELEGATIONS STRESSED THEIR COMMENTS WRE PRELIMINARY AND WERE NOT TO BE TAKEN AS REPRESENTING THE POSITION OF THEIR GOVERNMENTS AT THE CONFERENCE, COMMENTS MADE CLEAR THAT ALL GOVERNMENTS BELIEVE PROPOSAL HAS BEEN TOO HASTILY SPRUNG ON THEM BY FAO SECRETARIAT AND THAT MUCH MORE WORK NEEDS TO BE DONE BEFORE ANY GOVERNMENT WILL SUBSCRIBE TO AN INTERNATIONAL UNDERTAKING.

2. THIS SUGGESTS THAT AN IMPROVED UNDERTAKING ON WORLD FOOD RESERVES MIGHT BE ONE OF THE AGENDA ITEMS FOR THE 1974 WORLD FOOD CONFERENCE PROPOSED BY SECRETARY KISSINGER. AN IMPORVOED FOOD AID SCHEME COULD WELL BE ANOTHER ITEM SINCE, DURING THE CCP DEBATE, SEVERAL OF THE DELEGATIONS FROM THE DEVELOPING COUNTRIES EMPHASIZED THAT THE MAIN PURPOSE OF A FOOD RESERVE SCHEME OUGHT TO BE TO ASSURE UNDIMINISHED AVAILABILITIES OF FOOD AID IN TIMES OF SHRTAGE. LINK BETWEEN FOOD RESERVES AND FOOD AID ALREADY SKETCHED OUT IN USDA'S CONTRIBUTION TO NSSM ON WORLD FOOD PROBLEM MIGHT SERVE AS POINT OF DEPARTURE FOR US POSITION FOR WORLD FOOD CONFERENCE.

3. OTHER MAIN CRITICISEM OF BOERMA PROPOSAL WERE:

- (1) NO ESTIMATE OF COSTS INVOLVED HAD BEEN MADE . THESE WOULD UNDOUBTEDLY BE HUGE AS WOULD DEPEND ON WHAT WAS CONSIDERED TO BE MINIMUM SAFE LEVEL OF TOTAL WORLD FOOD STOCKS PRICES AT WHICH COMMODITIES ACQUIRED, INVESTMENTS REQUIRED IN STORAGE FACILITIES AND IN INTERNAL TRANSPORTATION DISTRIBUTION FACILITIES.
- (2) CRITERIA FOR ARRIVING AT MINIMUM SAFE LEVEL OF WORLD FOOD STOCKS WERE INADEQUATE.
- (3) SAFEGUARDS TO PROTECT NORMAL COMMERCIAL TRADE WERE NOT SPECIFIC ENOUGH AND NEED FURTHER DEVELOPMENT.
- (4) PRINCIPLE THAT STOCKS SHOULD NOT BE ALLOWED TO FALL BELOW MINIMUM LEVEL WOULD UNDERMINE RESERVE SCHEME SINCE IN TIMES OF EXTREME SHORTAGE RESERVE STOCKS SHOULD BE DRAWN DOWN IN ORDER TO ASSURE LIMITED OFFICIAL USE
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PAGE 03 ROME 11096 122120Z

CONTINUITY OF SUPPLY. BY SAME TOKEN, REBUILDING STOCKS IN TIMES OF SHORTAGE SUCH AS PRESENT WOULD INTENSIFY PRICE AND SUPPLY PROBLEMS.

- (5) NON PARTICIPATION BY USSR AND PRC IN WORLD FOOD RESERVE SYSTEM WOULD UNDERMINE SYSTEM SINCE THEIR FULL COOPERATION WOULD BE NEEDED FOR CONTINUING ASSESSMENTS OF WORLD SUPPLY DEMAND SITUATION AND FOR CONTINUING CONSULTATIONS ON PRODUCTION POLICIES CALLED FOR BY BOERMA PROPOSAL.

- (6) INITIAL BUILD UP OF STOCKS REQUIRED BY BOERMA PROPOSAL WOULD ENHANCE PROBABILITIES OF QUICK RETURN TO SURPLUSES, IT BEING POLITICALLY MUCH EASIER TO

INCREASE PRODUCTION THAN TO CUT IT BACK.

(7) BOERMA PLAN SEEMED TO ENVISAGE CREATION OF YET ANOTHER FAO COMMITTEE OR ORGANIZATION TO HANDLE INFORMATION AND CONSULTATION REQUIREMENTS, AND MONITOR TRENDS. CONSENSUS WAS THAT EXISTING SPECIALIZED ORGANIZATIONS SUCH AS INTERNATIONAL WHEAT COUNCIL, WORLD FOOD PROGRAM, AND FAO GRAINS GROUP SHOULD BE RELIED UPON.

(8) COMMODITY COMPOSITION OF RESERVE FOOD STOCKS WAS LEFT TOO VAGUE.

(9) MAIN OBJECTIVE OF PROPOSAL NEEDS CLARIFICATION. IS IT AIMED PRIMARILY AT PRICE STABILIZATION OR IS IT TO SAFEGUARD FOOD SUPPLIES AT REASONABLE PRICES TO DEVELOPING COUNTRIES? IF OBJECTIVE PRIMARILY PRICE STABILIZATION, THIS WILL REQUIRE AGREEMENT ON REFERENCE PRICES FOR EACH COMMODITY FOR PURCHASES AND FOR SALES. IF AIM IS PRIMARILY TO ASSURE SUPPLIES TO LDCS, THE CONDITIONS FOR ELIGIBILITY MUST BE SPELLED OUT AS WELL AS CONDITIONS UNDER WHICH SUPPLIES ARE RELEASED.

(10) HASTY ADOPTION OF BOERMA PLAN MAY SERVE AS A DIVERSAION FROM NEED FOR IMPROVED WORLD TRADING SYSTEM WHICH IS MAIN OBJECTIVE OF MTN AND FOR HANDLING PROBLEMS POINTED OUT BY SECRETARY KISSINGER IN HIS PROPOSAL FOR THE 1974 WORLD FOOD CONFERENCE.

4. BESIDES FOREGOING POINTS, DISCUSSIONS REVEALED USUAL DIFFERENCES BETWEEN DEVELOPED AND DEVELOPING COUNTRIES, BETWEEN DEVELOPED EXPORTING AND DEVELOPED IMPORTING COUNTRIES AND BETWEEN DEVELOPED EXPORTING AND DEVELOPING EXPORTING LIMITED OFFICIAL USE
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PAGE 04 ROME 11096 122120Z

COUNTRIES (ARGENTINA).

5. THUS DEVELOPED EXPORTING COUNTRIES INSISTED THAT COSTS OF FOOD RESERVES SHOULD BE SHARED BY DEVELOPED IMPORTING COUNTRIES WHILE LATTER ARGUED FOOD STOCKS ARE PRIMARILY FUNCTION OF PRIVATE TRADE. DEVELOPING COUNTRIES FAVORED INTERNATIONAL FOOD RESERVE SCHEME ONLY IF INVESTMENT AND OPERATING COSTS WOULD BE BORNE BY DEVELOPED COUNTRIES. ARGENTINA ARGUED THAT WORLD FOOD RESERVE SCHEME WOULD NOT WORK UNLESS OTHER EXPORTERS CEASED TO SUBSIDIZE THEIR CEREALS PRODUCTION AND EXPORTS AND CEASED CONSENSUAL SALES.

6. SEVERAL DEVELOPING COUNTRIES ARGUED WORLD FOOD PROGRAM SHOULD HAVE LARGE ROLE IN ANY RESERVE SCHEME, BUT EXPRESSED GRAVE DOUBTS THAT DEVELOPED COUNTRIES WOULD PROVIDE SUFFICIENT RESOURCES TO WFP IN VIEW OF REDUCTIONS OF REAL RESOURCES FOR WFP'S REGULAR PROGRAMS.

7. IN CONNECTION WITH SPECIFIC MENTION OF CONFERENCE BY

SEVERAL DELEGATIONS, QUESTION WAS RAISED WHETHER MAIN EMPHASIS ON SECRETARY'S PROPOSAL WAS ON IMPROVING THE ORGANIZATION OF INTERNATIONAL DISASTER RELIEF. US DELEGATION REPLIED THAT ASSURING ADEQUATE SUPPLIES, IMPROVED FOOD AID AND REDUCTION OF CROP LOSSES IN DEVELOPING COUNTRIES ARISING FROM LACK OF FERTILIZERS AND PESTICIDES WERE ALSO IMPORTANT ISSUES. THESE DID NOT, HOWEVER, EXHAUST POSSIBLE AGENDA ITEMS FOR WORLD FOOD CONFERENCE AND INTERNATIONAL MEETINGS AND BILATERAL CONSULTATIONS OVER NEXT FEW MONTHS SHOULD PROVIDE FURTHER GUIDANCE ON OTHER ISSUES THAT MIGHT BE SUBJECTS FOR CONFERENCE.

8. BECAUSE SOME DELEGATES KEPT REFERRING TO SECRETARY'S PROPOSAL AS A WORLD FOOD CONGRESS, US DELEGATE POINTED OUT THAT INTENTION WAS TO HOLD A CONFERENCE OF GOVERNMENTS NOT A PUBLIC CONFERENCE SUCH AS THE WORLD FOOD CONGRESS AT THE HAGUE. LATER DEL FED REP GERMANY IN PRIVATE CONVERSATION SAID EMPHATICALLY HIS GOVERNMENT WOULD NOT SUPPORT A CONGRESS TYPE OF MEETING. VOLPE

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